

ASIA 11-105



USAID | INDONESIA

INITIAL ENVIRONMENTAL EXAMINATION

PROGRAM/ACTIVITY DATA:

Country Code-AO: Economic Growth

Country: Indonesia

Program: Public International Organization (PIO) Grant to World Bank Multi-Donor Trust Fund for Trade and Investment (MDFTIC)

Funding Begins: FY 10; **Funding Ends:** FY 11;

LOP Amount: \$ 3,000,000

IEE Prepared by:

EG:

Richard Chen
USAID/Indonesia-EG

date:

7/5/2011

IEE Amendment (Y/N) : N

Current Date: 6/16/2011

If 'YES', Number and Date of Original IEE: N/A

ENVIRONMENTAL ACTION RECOMMENDED: (Place X where applicable)

Categorical Exclusion: X

Negative Determination: ☐

Positive Determination: ☐

Deferral:

☐

ADDITIONAL ELEMENTS: (Place X where applicable)

CONDITIONS:

☐

SUMMARY OF FINDINGS:

The PIO grant to World Bank Multi-donor Trust Fund for Trade and Investment (MDFTIC) is recommended for a Categorical Exclusion. A Categorical Exclusion is in accordance with 22 CFR 216.2(c)(2)(i) for education, technical assistance and training activities, 22 CFR 216.2(c)(2)(iii) for analysis, studies, academic or research workshops and meeting activities, 22 CFR 216.2(c)(v) for documents and information transfers, and 22 CFR 216.2(xiv) for studies, projects or programs intended to develop the capability of recipient countries to engage in development planning.

1. BACKGROUND AND ACTIVITY DESCRIPTION

1.1 Background

According to the World Bank's *Doing Business 2009*, Indonesia ranks 129 overall out of 181 countries in terms of the ease of doing business. It also ranks 171 for starting a business, 157 for employing workers, 140 for enforcing contracts, and 116 for paying taxes. In comparison with some of its neighbors, Indonesia is lagging. In addition, according to a recent survey of over 12,000 businesses in 243 districts across Indonesia, a number of difficulties businesses face were reported, including a finding that approximately 85 percent of regulations are problematic (in terms of legal compliance, substance, or principle) leading to inconsistent interpretation and implementation.

Laws, regulations, and the institutions that enforce them create investor confidence, and allow markets to be free, fair, and efficient—basic ingredients of a competitive economy. Given the process of decentralization ongoing since 2001, most regulations impacting business are interpreted or implemented at local levels and most operational issues (e.g., licensing and registration) must be addressed with local governments or institutions.

Thus, USAID/Indonesia believes that one of ways to help Indonesia in addressing these challenges is through the World Bank's Multi-Donor Trust Fund for Trade and Investment Climate. The MDFTIC was started by the World Bank in 2007 to help address a request by the Ministry of Trade (MoT) to support its capacity building efforts and harmonize donor assistance; and a request from the Coordinating Ministry of Economic

facilitation and the National Single Window, reform of state-owned enterprises, and an improved framework for a stronger, more diversified and inclusive financial sector.

2. EVALUATION OF ACTIVITIES FOR ENVIRONMENTAL IMPACT POTENTIAL, RECOMMENDED THRESHOLD DECISIONS AND MITIGATION ACTIONS (INCLUDING MONITORING AND EVALUATION)

The PIO grant to World Bank Multi Donor Trust Fund for Trade and Investment Climate will fund activities relating to administrative, policy and regulatory reforms, technical assistance, training, academic workshops and meetings that do not include laboratory work, field studies or involve actions that directly affect the natural or physical environment. Hence, the program activities are not expected to have adverse impacts on natural or physical environment and are recommended for a Categorical Exclusion in accordance with 22 CFR 216.2(c) (2) (i), 22 CFR 216.2(c) (2) (iii), 22 CFR 216.2(c) (2) (v) and 22 CFR 216.2(c) (2) (xiv). The overall objective of the MDFTIC is to increase the capacity of Government of Indonesia officials to conduct policy work and provide technical assistance.

3. RECOMMENDED ENVIRONMENTAL ACTION

3.1 Recommended IEE Determinations

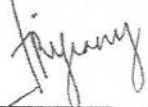
A **Categorical Exclusion** is recommended for the PIO Grant to World Bank Multi-Donor Trust Fund for Trade and Investment Climate—capacity building activities to develop and provide technical assistance to Government of Indonesia officials under a 22 CFR 216.2(c) (2) (i) for training and technical assistance activities, 22 CFR 216.2(c) (2) (iii) for analysis, studies, academic workshops and meeting activities, 22 CFR 216.2(c) (2) (v) for document and information transfer and 22 CFR 216.2(c) (2) (xiv) for studies and capacity building activities; to the extent that they do not entail laboratory work, field studies or other actions that have direct or indirect impact on the natural and physical environment.

3.2 Mitigation, Monitoring and Evaluation: N/A

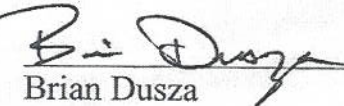
APPROVAL OF ENVIRONMENTAL ACTION RECOMMENDED

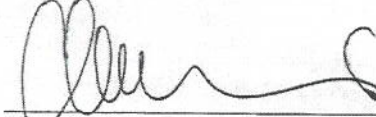
PIO Grant to World Bank Multi-Donor Trust Fund for Trade and Investment
Climate (MDFTIC)

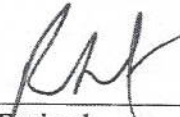
MISSION ENVIRONMENTAL OFFICER CLEARANCE:

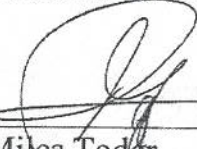
MEO:  date 7/5/2011
Trigeany Linggoatmodjo
USAID/Indonesia – Mission Environment Officer

ADDITIONAL CLEARANCE:


EG:  date 7/7/2011
Brian Dusza
USAID/Indonesia – Acting Director of EG Office

ENV:  date 7/7/11
Alfred Nakatsuma
USAID/Indonesia – Director of Environment

RLA:  date 7/7/11
Ritu Tariyal
USAID/Indonesia – Regional Legal Advisor

DDIR:  date 7/7/11
Miles Toder
USAID/Indonesia – Acting Deputy Mission Director

DECISION OF USAID/INDONESIA MISSION DIRECTOR:

DIR:  date 7/7/11
Walter North
USAID/Indonesia – Mission Director

Approved: ☒

Disapproved: ☐

DECISION OF THE ANE BUREAU ENVIRONMENTAL OFFICER:
PIO Grant to World Bank Multi Donor Trust Fund for Trade and Investment
Climate (MDFTIC)

AME: Robert Macleod date 7/13/11
Robert Macleod
ASIA/ME Bureau Environmental Officer

Approved: ☒

Disapproved: ☐